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(U-054)  
UTU-063447-01

January 15, 1997

CERTIFIED MAIL #Z 138 791 113

E B KING  
PRESIDENT  
JUMBO MINING COMPANY  
6305 FERN SPRING COVE  
AUSTIN TX 78730

Dear Mr. King:

We received your amended Plan of Operations (POO) for the Drum Mine on September 17, 1996. There are several deficiencies in the amendment which must be addressed before we can approve the amendment.

First, we would like to call your attention to a letter received by this office on December 9, 1988 (copy attached). This letter stated:

"We are currently operating under the guidelines of the Plan of Operations submitted by Western States and request your concurrence in this matter."

Our case file indicates that no formal concurrence was ever given; but, within the next few months, representatives from this office met on site with you and your staff. We feel this indicated concurrence.

We believe the key phrase of that letter is:

"We are currently operating under the guidelines of the Plan of Operations submitted by Western States..."

Our contention is that, with this letter, your company assumed reclamation responsibility for all the disturbances created by Western States under its 1983 POO, and their two 1984 amendments to move a waste dump to an alternate location, and to build some exploration roads and prospects south and west of the mine site. However, we do not feel that this letter obligates Jumbo to reclaim any disturbances that were not approved by the BLM and for which Jumbo has never indicated to the BLM any assumption of responsibility. These disturbances are indicated on the attached map, and include:

Lo-Grade Heaps #'s 1, 2, and 3  
Hi-Grade Heaps #'s 6 and 7  
The 3.6 and the 5.2 acre waste dumps

In the 1996 reclamation plan, you stated that Jumbo will assume reclamation responsibility for heaps four and five. Based on our

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records, we also hold Jumbo responsible for the 10.6 acre waste dump, that was approved under the January 30, 1984 amendment. The reclamation plan should include reclamation of this waste dump.

The other 1984 amendment (attached) brought into the plan three new areas, one of which is referred to as area "B" in the amendment. We know Area B contains two sets of roads, trenches and drill sites, one set in the SW $\frac{1}{4}$  of Section 18, T. 15 S., R. 10 W., and one set in the E $\frac{1}{2}$  of Section 13, T. 15 S., R. 11 W. Reclamation of these disturbances should be included in the reclamation plan. Areas "A" and "C" were recently inspected, and no surface disturbance related to this plan was found.

The exploration of the Mizpah site was conducted by Western States under three Notices of Intent. Jumbo has since submitted to us a POO to mine the site. The POO was approved by the BLM, but not by the Utah Division of Oil, Gas and Mining (UDOGM), and there has been no activity at the site since you acquired the claims. However, the road to the site was built by Jumbo in 1989. The original purpose of this road was to haul ore from the Alto mine, which is on private land. Since you never assumed reclamation liability for the exploration activities at the Mizpah site, we will require Western States to begin reclamation at this site within 90 days of receipt of this letter, unless by that date you have submitted an additional bond to cover the costs of both the reclamation of the existing exploration disturbances and the Alto haul road. If you do not submit the bond, we will require that you either immediately begin reclamation of the road, or apply for a right of way.

The revised POO should also include the reclamation of the cuts and drill sites in the N/2 of Section 7, T., 15 S., R. 10 W., that were created under Jumbo's July 15, 1987 Notice of Intent. This site has yet to be thoroughly inspected, but will be within 30 days.

There are a number of unplugged drill holes around the mine site. Please provide a map of those which you are aware of within the fenced area, and include in the revised POO justification for leaving them open, and a time frame for their closure. Any others must be plugged immediately.

We are in receipt of the December 6, 1996 copy of the letter the Utah Division of Water Quality (DWQ) sent to you. DWQ has not yet accepted the leach pads as decontaminated and therefore your reclamation proposal for them is deficient. The regulations 43 CFR 3809.2-2(b) state:

"All operators shall comply with applicable Federal and State water quality standards..."

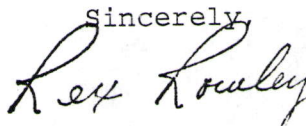
Until DWQ is satisfied that the heaps are not contaminating groundwater, the reclamation plan must address the placement of impermeable caps over them, or moving the heaps onto a new pad within a reasonable length of time. We will allow three months from the date of receipt of this letter to complete the permitting for the new pad, as proposed in your December 5, 1995 letter to DWQ, and another six months for its construction and moving the old heaps on to it.



time. The bond amount will be adjusted after it is determined whether or not the heaps are contaminated, the agencies have completed their own cost estimates, and any further permitting is completed. If the plan and the additional bond monies are not in place by these deadlines, then you will have established a record of noncompliance for failing to comply with the notice of noncompliance dated March 10 1995, and we will require reclamation to begin immediately. Reclamation of the Alto haul road, water pipeline, well facilities, and communications facility will also be required at that time.

If you have any questions, please contact Ron Teseneer at (801) 743-6811.

Sincerely,



Rex Rowley  
Area Manager

Enclosures

1. Letter from Jumbo to BLM
2. Map of Mine Site
3. Amendment to POO

cc: Western States Minerals, 4975 Van Gordon St., Wheat Ridge,  
CO, 80033

D. Wayne Hedberg, State of Utah, Division of Oil, Gas and  
Mining

Mark Novak, State of Utah, Department of Environmental  
Quality Division of Water Quality

Darrell Willden, PO Box 336, Delta, UT 84624

Frank Law, PO Box 252, Delta, UT 84624

bcc: Terry McParland (UT-921)  
Michael Jackson (UT-050)

SWysong:ap